**Unit V** – *Money and Monetary Policy*  **Name**:   
  
***Who Needs Money?*Learning Goal**: Explain basic concepts relating to money and banking

**k  
What is Money?** [p.286]

**Three [3] Functions of Money** [p.286]



1. medium of exchange

1. store of value

1. unit of account

*Based on the “functions” of money described above, list* ***3*** *non-examples of money*



**Commodity Money** *versus* **Fiat Money** [p.287]

* Define commodity money

**Whose value comes from a commodity of which it is made**

* Define fiat money

**Inconvertible paper money made legal tender by government decree**

**Characteristics of Money** [p.289-90]

1. Acceptability 3. Probability
2. Durability 4. uniformity

**M1** *versus* **M2** [p.429]

* M1: a metric for money supply pf a county and includes physical money both physical money and coin
* M2: a measure of the money supply that includes all elements of m1 as well as “near money”

**Liquidity**



**Fractional Reserve Banking** [p.415]

***Who is Pictured on the U.S. Currency?***

|  |  |
| --- | --- |
|  | **George Washington** |
|  | **Thomas Jefferson** |
|  | **Abraham Lincoln** |
|  | **Alexander Hamilton** |
|  | **Andrew Jackson** |
|  | **Ulysses S. Grant** |
|  | **Benjamin Franklin** |